

Exhibit D

STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Plaintiff,

v.

INTELIUS INC., a Delaware
corporation,

Defendant.

NO.

COMPLAINT FOR INJUNCTIVE
AND OTHER RELIEF UNDER THE
CONSUMER PROTECTION ACT,
RCW 19.86

COMES NOW Plaintiff, State of Washington, by and through its attorneys Robert M. McKenna, Attorney General, and Shannon E. Smith, Assistant Attorney General, and brings this action against the Defendant named herein, alleging as follows on information and belief:

I. JURISDICTION AND VENUE

1.1 This Complaint is filed and these proceedings are instituted under the provisions of Chapter 19.86 RCW, the Consumer Protection Act. Plaintiff seeks a permanent injunction and other equitable relief, including restitution, civil penalties, and attorneys' costs and fees based on violations of the Consumer Protection Act.

1.2 The violations alleged in this Complaint have been and are being committed in whole or in part in King County, Washington, by the Defendant. The Attorney General's authority to commence this action is set forth in RCW 19.86.080 and RCW 19.86.140.

II. DEFENDANT

2.1 Defendant Intelius Inc., ("Intelius") is incorporated in the state of Delaware. Its principal place of business is in Bellevue, Washington, and it transacts business in the state of Washington. At all times relevant to this action, Intelius was engaged in the marketing and sale of membership programs to Washington consumers via Intelius-owned Web sites.

III. NATURE OF TRADE OR COMMERCE

3.1 Intelius operates several Web sites on which it sells various services, including background reports on individuals, identity protection services, and employee screening. The main Intelius Web sites are www.intelius.com, www.peoplelookup.com, and www.lookupanyone.com, although Intelius owns and operates a large number of other Web sites that are used primarily to drive traffic to its principal sites.

Intelius' "Post-Transaction Marketing" of Adaptive Marketing, Inc., Programs

3.2 Since July 2007, Intelius has marketed third-party subscription membership programs to its customers during the customer's primary transaction process with Intelius.

3.3 The third-party memberships have various names, including 24Protect Plus and Privacy Matters, and purport to offer various benefits such as free credit reports, free credit monitoring, and 24-hour roadside assistance.

3.4 The third-party membership programs are owned and serviced by Adaptive Marketing, Inc. ("Adaptive"), a subsidiary of Vertrue, Inc. ("Vertrue"), a Connecticut-based company.

3.5 The membership programs are billed by Adaptive on a recurring monthly or annual basis.

3.6 In July 2007, Intelius entered into an agreement with Adaptive ("the Agreement") to offer 7-day free trials of Adaptive's membership programs to Intelius customers via (1) an interstitial offer within the Intelius purchase path, (2) promotional ads places on the Intelius purchase confirmation page, and (3) email marketing.

1 3.7 The Agreement provides that all of Intelius' marketing of Adaptive's
2 membership programs is to be "card-on-file," which means that the consumer does not need to
3 re-enter his or her billing information on the membership enrollment form after linking from an
4 advertisement or marketing offer in order for Adaptive to charge the membership fee to the
5 consumer's credit or debit card.

6 3.8 Intelius' marketing of Adaptive programs is a type of marketing known as
7 "post-transaction marketing," where the offer for the program is made after the consumer
8 enters his or her account information to make a purchase with Intelius but before Intelius
9 shows the consumer his or her report.

10 3.9 Intelius obtains the consumer's billing information during the consumer's
11 purchase of an Intelius service or product.

12 3.10 Intelius then transmits the consumer's billing information obtained during the
13 consumer's Intelius purchase to Adaptive in order for Adaptive to charge the applicable
14 recurring monthly membership fee to the consumer's credit or debit card.

15 3.11 The Agreement requires Intelius to obtain consent from the consumer for the
16 transmission of his or her billing information to Adaptive.

17 3.12 Under the Agreement, Adaptive is responsible for billing and collecting the fees
18 for its membership programs from consumers who are enrolled in its programs through
19 Intelius.

20 3.13 Under the Agreement, Adaptive is responsible for servicing the membership
21 programs that it offers.

22 3.14 Under the Agreement, Adaptive is responsible for handling customer service
23 related to its membership programs that are marketed by Intelius.

24 3.15 Under the Agreement, Adaptive is responsible for responding to cancellation
25 and refund requests from consumers who were enrolled in one of its membership programs
26 through an Intelius transaction.

1 3.16 Intelius has been selling consumers' credit and debit card information to
2 Adaptive in the form of receiving a "bounty" of between \$40 and \$59 per consumer who
3 enrolls in an Adaptive membership program based upon an offer featured on an Intelius Web
4 site.

5 3.17 Intelius initially approved the form of the offers that Adaptive had created and
6 presented to Intelius to be shown on Intelius' Web sites, and subsequently, Intelius requested
7 and Adaptive agreed to modify the offers "to improve the presentation to potential customers,"
8 according to Intelius.

9 3.18 Intelius uses and tests numerous versions of Adaptive's offers and keeps a
10 record of the number of consumers who view the offer, number of consumers who "accept" the
11 offer, and the conversion rates of offers.

12 3.19 The Adaptive offers that Intelius displays have high conversion rates,
13 sometimes over 80 percent.

14 3.20 The Adaptive offers on the Intelius Web site appear on the screen after the
15 consumer has paid for the Intelius product but before the consumer is shown the report of his
16 or her purchase.

17 3.21 Many of the Adaptive offers appearing on Intelius Web sites feature an offer to
18 customers of "\$10 cash back."

19 3.22 The "cash back" offer, however, is first displayed on the screen on which the
20 consumer's search results appear, informing the consumer that if he or she proceeds with the
21 Intelius transaction, he or she will be offered \$10 cash back. See Figure 1.

22 ///

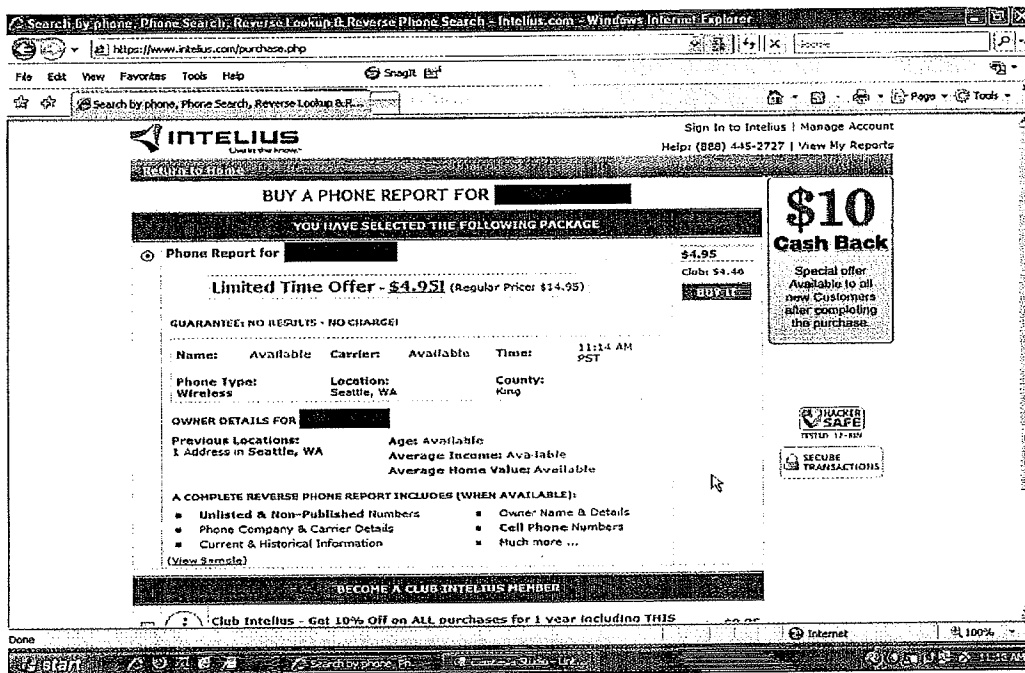
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Figure 1.



3.23 There are no terms or conditions disclosed on this initial offer of \$10 cash back.

3.24 The "cash back" offer is displayed on one more screen and then finally displayed prominently on the "Thank you" screen after the consumer clicks on the "Buy It" button (see Figure 1) to complete his or her purchase of the Intelivs report. See Figure 2.

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Figure 2.

The screenshot shows a web browser window with the address bar displaying "https://www.peoplelookup.com/offer.php". The page title is "Search by phone, Phone Search, Reverse Lookup & Reverse Phone Search - PeopleLookup - Windows Internet Explorer". The main content area has a large "Thank You" heading followed by "your order has been successfully completed". Below this is a promotional banner for "Take our 2008 Consumer Credit Survey and claim \$10.00 CASH BACK with Privacy Matters Identity™". The banner text says: "Complete the survey below and the short registration form to claim \$10.00 Cash back as a member of Privacy Matters Identity FREE for 7 Days. (Click here for Details)".

Below the banner are two questions:

Have you ever been a victim of identity theft?

☐ Yes ☐ No ☐ Not Sure

What card type did you use for your PeopleLookup purchase today?

☐ Credit Card ☐ Debit Card

To the right of these questions is a small image of a woman sitting at a desk.

Below the questions is a section titled "Please type in your e-mail address below". It includes a text input field for "E-Mail Address:" and a "Confirm E-Mail Address:" field. To the right of this is a section titled "Privacy Matters Identity" with a list of benefits:

- Detailed Personal Identity Profile - find out if you're at risk for identity theft with a complete report of your key identity information, including a current credit report, address history, criminal background information, and more.
- 24/7 Identity Monitoring and Alerts - alert you to identity theft before it happens to you with automatic monitoring that comes to you on your mobile phone and email when you have been added to a list of people who are at risk of identity theft.
- Identity Recovery Assistance - let us help you recover your identity, clear your name and restore your credit, or if you're still a victim of identity theft, become a victim of identity theft.
- And many other identity protection benefits.

Below the list is a section titled "OFFER DETAILS" with the following text:

Simply click "YES" to activate your email alert system and more advantage of the great benefits that Privacy Matters Identity has to offer plus claim your \$10.00 Cash Back. This membership fee of \$18.95 per month will be charged to your credit card. Instant delivery to this credit card will be a one-time charge. After the first 7 days, and after the auto-renewal, you'll be charged each month on the same credit card. Membership fee so long as you remain a member. Of course you can, allow me to tell you that if you don't want membership fee to stop, you can stop it at any time. Please make sure you are not a victim of identity theft by agreeing to this membership fee to stop a potential or actual identity theft or to become a victim of identity theft, and to receive the

3.25 Following a prominent display of "Thank You your order has been successfully completed," the Adaptive advertisement offers the Intelius customer \$10 cash back" for taking a two-question survey.

3.26 The Adaptive offer looks in all respects as though it is being made by Intelius.

3.27 There is no indication in close proximity to the offer that there are terms and conditions attached to the \$10 cash back.

3.28 The "Click here for details" hyperlink, rather than disclosing the terms and conditions, states that you will get an email telling you how to submit a claim for the \$10.00.

3.29 On the same Web page as the \$10 cash back offer for taking the survey, there is a field in which the customer is asked to type in his or her email address.

3.30 Directly below the instruction to type in the email address is a prominent red button that says "YES and show me my report." See Figure 3.

Figure 3.

The screenshot shows a web browser window with the address bar displaying "https://www.peoplelookup.com/offer.php". The page title is "Search by phone, Phone Search, Reverse Lookup & Reverse Phone Search: PeopleLookup". The main content area features a registration form for "Privacy Matters Identity". The form includes fields for "E-Mail Address" and "Confirm E-Mail Address", and a prominent red button labeled "YES and show my report". Below the button is a small text hyperlink that reads "No, show my report". To the right of the form, there is a section titled "Privacy Matters Identity" with a list of benefits and a "TERMS & CONDITIONS" section. The bottom of the page displays a copyright notice: "© Copyright 2008 Privacy Matters Identity - All Rights Reserved".

3.31 Directly below the prominent red button is a tiny text hyperlink stating: "No, see my report."

3.32 In contrast to the dark print and prominent placement of the cash back offer and instructions to input an email address is the small light-gray print covering the Web page.

3.33 The small light-gray print includes the "terms and conditions" of the \$10 cash back offer, which include (1) that the consumer must agree to a seven-day trial offer for a membership program, in this case, Privacy Matters Identity; (2) that the consumer is agreeing to be charged for the membership program at the end of the trial period on a recurring monthly basis for whatever the "then-monthly" fee is; (3) that the consumer agrees that Intelius may transmit the consumer's credit or debit card information to the name of the membership program (Adaptive is not identified); and (4) that the consumer, if he or she used a debit card

1 in his or her Intelius transaction, is agreeing to recurring monthly debits from his or her bank
2 account.

3 3.34 Nowhere on the offer page is it disclosed that it is Adaptive Marketing making
4 the offer, not Intelius.

5 3.35 Hundreds of Washington consumers have been enrolled in Adaptive
6 membership programs by Intelius without their knowledge or consent.

7 3.36 Hundreds of Washington consumers have been charged by Adaptive for
8 membership programs that they did not knowingly consent to be charged for.

9 3.37 Adaptive's membership programs are billed on consumers' credit and debit
10 cards using mysterious abbreviations, such as: "MC-PMIDENTITY," "AP9 VPRewardsUs,"
11 and "IK9 VP Rewards US."

12 3.38 Hundreds of consumers have complained to the Washington Attorney General
13 about unauthorized charges on their credit or debit cards placed by Adaptive.

14 3.39 Thousands of consumers have complained to the Better Business Bureau about
15 unauthorized charges on their credit or debit cards placed by Adaptive based upon an Intelius
16 transaction.

17 3.40 Hundreds of consumers have reported difficulty in discovering what company
18 was placing the charges, what the charges were for, and where the company obtained the
19 consumer's credit or debit card information.

20 3.41 Many Washington consumers complained to Intelius about unauthorized
21 charges for Adaptive programs when Adaptive informed them that Intelius had given them
22 their financial account information.

23 3.42 Intelius did not refund all consumers who complained about the unauthorized
24 charges by Adaptive..

25 3.43 When consumers have been able to identify the source of the charges, many
26 consumers have been unable to obtain full refunds for the membership fees from Adaptive,

1 even though Adaptive represents on its Web site that: "Adaptive Marketing LLC® will provide
2 a full and prompt credit or refund to any consumer who is charged a membership fee but
3 claims that he or she did not authorize that charge." See
4 http://www.adaptivemarketing.com/about_bp.asp <last visited on February 23, 2009>.

5 3.44 By January 2008, as an increasing number of Intelius customers were enrolled
6 in Adaptive membership programs during their Intelius transactions, Intelius began receiving
7 an increasing number of consumer complaints of unauthorized charges to their credit and debit
8 cards.

9 3.45 At a certain point, Intelius developed a "warm transfer" system with Adaptive
10 to transfer consumer calls directly to Adaptive.

11 3.46 Intelius was concerned about how their customers' experiences with Adaptive
12 were impacting their own customer relations.

13 3.47 In some cases, Intelius would email to Adaptive the names and account
14 numbers of consumers who called and requested a refund for an Adaptive program.

15 3.48 However, even as early as September 2007, only two months after Intelius
16 began featuring the Adaptive offers, Intelius was aware that consumers were complaining of
17 being enrolled and billed for Adaptive programs without their authorization.

18 3.49 As early as September 2007, Intelius was made aware that there was a
19 significant increase in complaints to the Better Business Bureau relating to unauthorized
20 charges made by Adaptive subsequent to the consumer's purchase of an Intelius report.

21 3.50 Intelius' executive management, including its Chief Executive Officer, Naveen
22 Jain, were kept apprised of the trends on consumer calls to customer service relating to
23 Adaptive programs by regular reports from John Arnold, an Intelius executive vice president.

24 3.51 From July 2007 to July 2008, approximately 19,000 Washington consumers
25 were enrolled in an Adaptive membership program during a transaction with Intelius.
26

1 3.52 In many months during 2007 and 2008, Intelius obtained near or over a 50
2 percent conversion rate, that is, nearly or more than 50 percent of those consumers viewing the
3 Adaptive offer were enrolled in an Adaptive membership program.

4 3.53 In March 2008 alone, Intelius earned over \$4 million in commissions from
5 Adaptive for the consumers it enrolled in Adaptive programs.

6 3.54 In its first year of marketing Adaptive's programs, thousands of calls flooded
7 weekly into Intelius's customer service department complaining about charges for Adaptive
8 programs.

9 3.55 Of the nearly 19,000 Washington consumers who were enrolled in an Adaptive
10 program during an Intelius transaction, almost 15 percent clicked on the button "YES and
11 show me my report" in under thirty seconds after they clicked on the button to complete their
12 purchase of the Intelius report.

13 3.56 Of the nearly 19,000 Washington consumers who were enrolled in an Adaptive
14 program during an Intelius transaction, over 50 percent clicked on the button "YES and show
15 me my report" between thirty and sixty seconds after they clicked on the button to complete
16 their purchase of the Intelius report.

17 3.57 Of the nearly 19,000 Washington consumers who were enrolled in an Adaptive
18 program during a transaction with Intelius, approximately 1,769 were enrolled in multiple
19 Adaptive programs as a consequence of multiple purchases of Intelius products.

20 3.58 Of the thousands of Washington consumers who were enrolled in an Adaptive
21 program during a transaction with Intelius, only a scant number claimed the \$10 cash back
22 from Adaptive.

23 3.59 Despite proposing and making numerous changes to Adaptive's offer and
24 continuously testing different versions of the offer in order to increase the conversion rate,
25 Intelius proposed no changes to the offer to address the growing number of consumer
26

1 | complaints of unauthorized charges until June 2008, when an article was published online
2 | criticizing Intelius's marketing of Adaptive's programs.

3 | 3.60 However, the changes Intelius proposed in June 2008 were insufficient to cure
4 | the problem, and Intelius continued to receive complaints from consumers who were being
5 | billed for Adaptive's membership programs.

6 | 3.61 Eventually, Intelius began displaying Adaptive offers that did not contain the
7 | "consumer survey."

8 | 3.62 The conversion rates for offers without the survey dropped significantly.

9 | **Intelius "Post-Transaction Marketing" of Identity Protect**

10 | 3.63 In April 2008, Intelius began offering its own membership program, Identity
11 | Protect, to consumers during the consumers' purchase of an Intelius report.

12 | 3.64 Intelius sells Identity Protect by offering a free trial of the program, and if the
13 | consumer does not cancel the program within the free trial period, Intelius automatically
14 | charges the consumer a recurring monthly subscription fee of \$19.95 to the credit or debit card
15 | the consumer used to purchase the Intelius report.

16 | 3.65 Intelius modeled its marketing offer of Identity Protect on the Adaptive offers in
17 | most respects.

18 | 3.66 Intelius used and tested numerous versions of Identity Protect offers and tracked
19 | the number of consumers who viewed the advertisement, the number of consumers who
20 | "accepted" the offer, and the conversion rates of offers.

21 | 3.67 In some versions of the offer, during the consumer's transaction process with
22 | Intelius, an advertisement promising an offer for \$10 cash back appeared on multiple screens.

23 | 3.68 The \$10 cash back offer did not disclose that there were terms and conditions to
24 | the offer.

3.69 The consumer filled in his or her credit or debit card information to complete his or her purchase of an Intelius report and then clicked on a button that stated: "Confirm the Purchase and Show My Report." See Figure 4.

Figure 4.

Create Your Account - Intelius.com - Windows Internet Explorer

https://www.intelius.com/createaccount.php?ReportType=33

File Edit View Favorites Tools Help

Create Your Account - Intelius.com

Card Security Code (CVV)

Cardholder Name

Credit Card Billing Address

Billing Country

Billing Address

City/State

Zip/Postal Code

Phone Number

Example: 800-555-1234 (Optional)

Verification Encoded

SECURE TRANSACTIONS

Your credit card statement will reflect a charge from Intelius for \$4.98 for this purchase.

Confirm the Purchase and Show My Report

By clicking the purchase button above I accept the Intelius Terms and Conditions.

Intelius Terms & Conditions

SECURITY CERTIFIED

Inc. 500

Intelius

3.70 Following the consumer's submission of his or her credit or debit card information to Intelius on the Intelius Web site to purchase an Intelius report, Intelius displayed an offer for "\$10.00 Off as a member of Identity Protect" rather than the consumer's report. See Figure 5.

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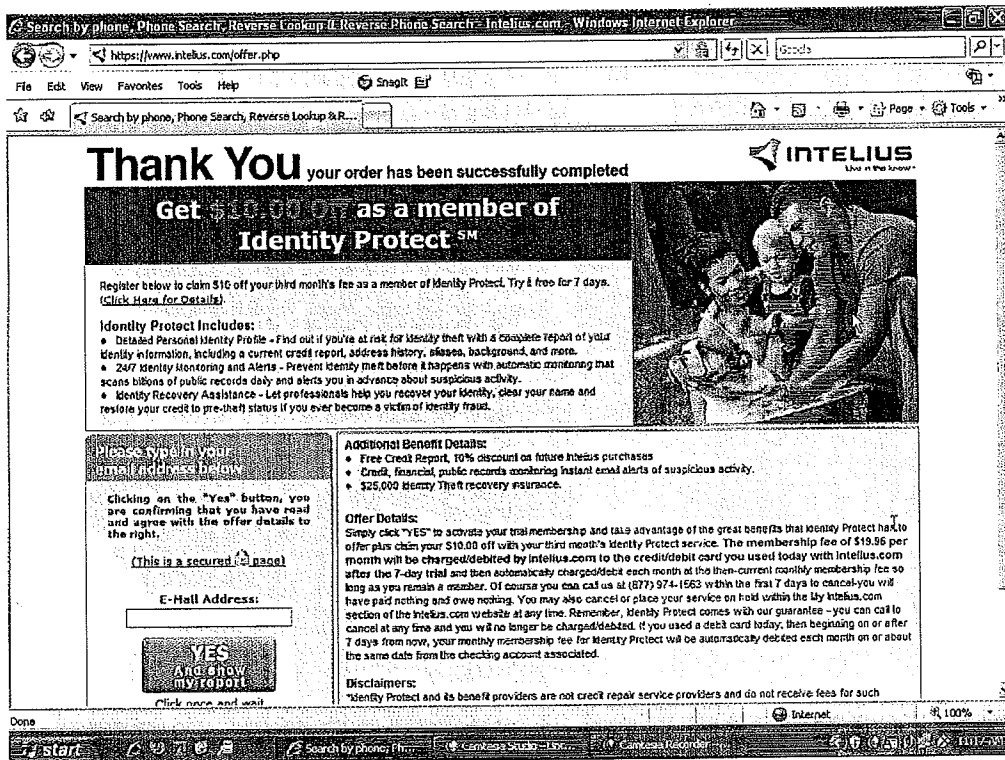
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Figure 5.



3.71 There was no other means by which a consumer could obtain his or her report than by taking an action on this offer Web page.

3.72 Featured prominently on the page was a large orange button stating "Yes and show me my report," along with a field in which to type in an email address.

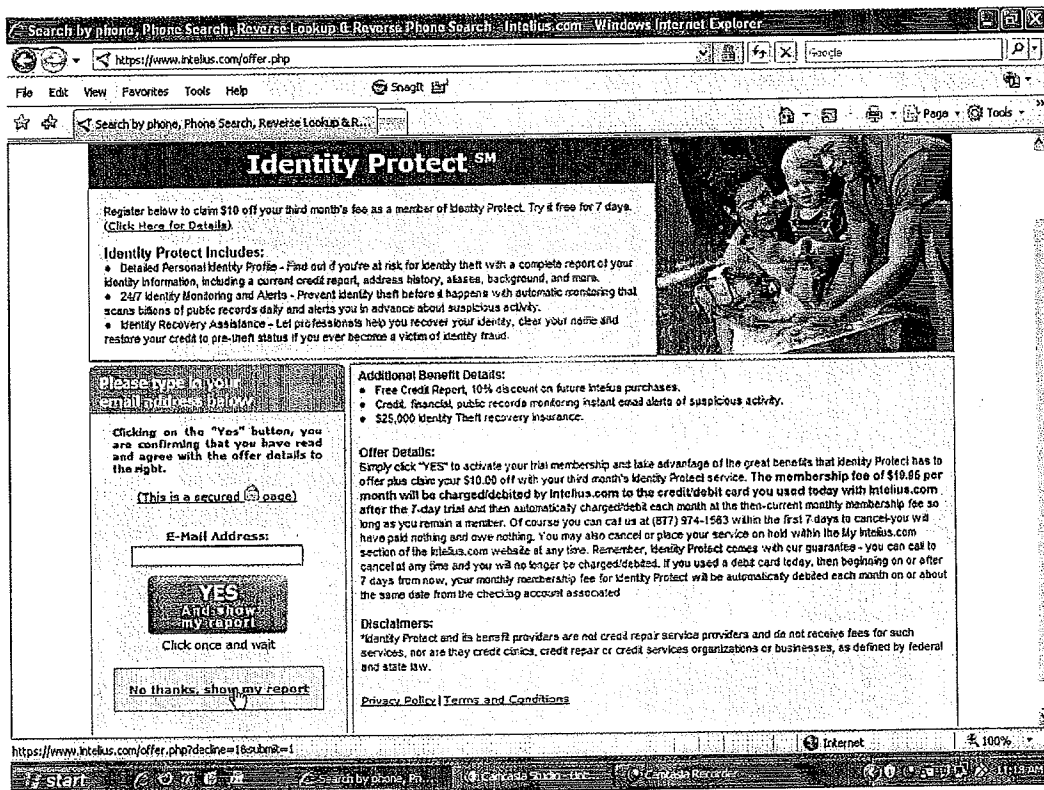
3.73 In fact, if a consumer filled in his or her email address and clicked on "Yes and show me my report," he or she would be enrolled in Identity Protect and would be charged automatically the recurring monthly fee of \$19.95 unless he or she cancelled within seven days.

3.74 The offer page for Identity Protect in some instances obscured the hyperlink for consumers to receive their report without being enrolled in the Identity Protect free trial membership. See Figure 5 above.

3.75 The hyperlink stated, "No thanks, show my report."

3.76 On a computer set to a typical screen resolution, the consumer would have to scroll down the screen to find the hyperlink. See Figure 5 above.

3.77 In contrast to the large orange button, the hyperlink was in small light-gray print. See Figure 6.



3.78 In other versions of the Identity Protect offer, Intelius used a survey similar to the one used in Adaptive offers.

3.79 Intelius offered \$10 cash back if the consumer filled out a "consumer credit survey," which contained only two questions.

3.80 Intelius admitted that the survey was bogus and the information from the survey responses was not used for any purpose other than to engage the consumer.

1 3.81 The Intelius offers using the survey had higher conversion rates than the offers
2 that did not use the survey.

3 3.82 Between April 2008 and January 1, 2009, approximately 378,667 consumers
4 nationwide were enrolled in Identity Protect during their purchase of an Intelius report.

5 3.83 Of the 378,667 consumers, 241,306 cancelled the service.

6 3.84 The conversion rate for consumers who were shown Identity Protect offers in
7 the middle of their transactions relating to an Intelius report ranged from 10.6 percent to 87
8 percent.

9 3.85 Between April 2008 and October 2008, 2,718 Washington consumers were
10 enrolled in Identity Protect during their purchase of an Intelius report.

11 3.86 Of the approximately 2,718 Washington consumers 23 percent of them clicked
12 on the "Accept" button to the Identity Protect offer in less than twenty seconds after clicking
13 on the button to complete their purchase of the Intelius report.

14 3.87 Of the approximately 2,718 Washington consumers who were enrolled in
15 Identity Protect during their purchase of an Intelius report, 53 percent of them clicked on the
16 "Accept" button to the Identity Protect offer in less than thirty seconds after clicking on the
17 button to complete their purchase of the Intelius report.

18 3.88 Of the approximately 2,718 Washington consumers who were enrolled in
19 Identity Protect during their purchase of an Intelius report, 75 percent of them clicked on the
20 "Accept" button to the Identity Protect offer in less than forty seconds after clicking on the
21 button to complete their purchase of the Intelius report.

22 3.89 Of the approximately 2,718 Washington consumers who were enrolled in
23 Identity Protect during their purchase of an Intelius report, 100 percent of them clicked on the
24 "Accept" button to the Identity Protect offer in less than sixty seconds after clicking on the
25 button to complete their purchase of the Intelius report.

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1 3.90 Intelius suffered excessively high charge-back rates because of Identity Protect
2 charge-backs.

3 3.91 In a meeting on October 24, 2008, Intelius management specifically identified
4 charge-backs for Identity Protect as the culprit in raising Intelius' charge-back rate over the
5 limit imposed by Visa and Mastercard.

6 3.92 Charge-backs for Identity Protect almost always exceeded one percent of the
7 billings for the product.

8 3.93 Intelius's customer service department was receiving thousands of calls a week
9 from consumers complaining about charges for Identity Protect.

10 3.94 Intelius's customer service department was ill-equipped for months to handle
11 the volume of calls relating to Identity Protect charges.

12 3.95 Consumers experienced wait times of over 20 minutes to reach a customer
13 service representative.

14 3.96 Some weeks, Intelius had an abandoned call rate of over 50 percent.

15 3.97 Despite knowing that a large number of consumers who were calling customer
16 service were complaining about charges for Identity Protect, Intelius never set up its call-
17 tracking system to track complaints of unauthorized charges for Identity Protect.

18 3.98 In fact, Intelius had to set up a special customer service line to respond to the
19 volume of calls from consumers requesting refunds for Identity Protect charges.

20 3.99 Intelius's call-tracking system listed 16 different reasons for a customer's
21 request for a refund, none of which would describe the consumer who alleged that the charges
22 were unauthorized.

23 3.100 Initially, Intelius permitted customer service representatives to give consumers
24 refunds for two months of charges for Identity Protect.

1 3.101 In September 2008, Intelius changed its policy and refused to refund more than
2 one month's charge for Identity Protect when consumers called to complain about the charges
3 unless the call was escalated.

4 3.102 In a memo to customer service on September 10, 2008, Intelius cited as its
5 reasons for changing the policy addressing the way Identity Protect was being offered with a
6 focus on decreasing the number of consumers who "inadvertently enrolled" in Identity Protect
7 and increased email communications to consumers about their purchase of the product.

8 3.103 In June 2008, Intelius hired an independent marketing consultant to review
9 Intelius's Identity Protect offers for areas of potential consumer confusion.

10 3.104 In her report, the independent consultant, Shelli Strand, highlighted the "call-to-
11 action" button as a source of consumer confusion.

12 3.105 Intelius implemented some changes based on Strand's report.

13 3.106 Intelius did not change the "call-to-action" button.

14 3.107 An Intelius officer suggested that Intelius make the "no thanks" hyperlink into a
15 button similar to the "yes" button, but CEO Jain rejected the suggestion.

16 3.108 Intelius briefly tested a version of its Identity Protect offer that moved the "No
17 thanks" hyperlink and the "Yes" button up to the top of the offer and had them side by side of
18 equal size.

19 3.109 That offer converted at a very low rate compared to the offers that kept the "No
20 thanks" in a hyperlink below the "Yes" button.

21 3.110 Intelius ran an Identity Protect offer that used buttons for both the "Yes" and
22 "No thanks" options but Intelius stopped using it because Intelius claimed it confused
23 consumers.

24 3.111 After two days of running this offer, Intelius pulled it and replaced it with offers
25 that had the large "Yes" button featured prominently again and the small hyperlink "No
26 thanks" beneath the button.

1 3.112 The conversion rate returned to its normal range.

2 3.113 In October 2008, Intelius discontinued marketing Identity Protect via post-
3 transaction offers.

4 **Intelius' "Bundled" Marketing of Identity Protect**

5 3.114 In October 2008, Intelius began using a new method of marketing its trial offers
6 of Identity Protect.

7 3.115 Intelius called this new form of marketing "bundled" marketing because the
8 trial of the Identity Protect service was bundled with a discounted price on the product the
9 consumer wanted to purchase.

10 3.116 On the Intelius Web site www.intelius.com, when a consumer does a search for
11 a background report, whether on a person or a telephone number, Intelius offers the report at its
12 regular price or a discounted price with Identity Protect.

13 3.117 However, Intelius does not disclose the material terms of the discounted offer at
14 the point that the consumer has the choice of choosing the discounted price.

15 3.118 The screen on which the consumer must choose between the discounted price
16 and the regular price does not describe what Identity Protect is nor does it indicate that there
17 are any terms or conditions to the discounted price. See Figure 7.

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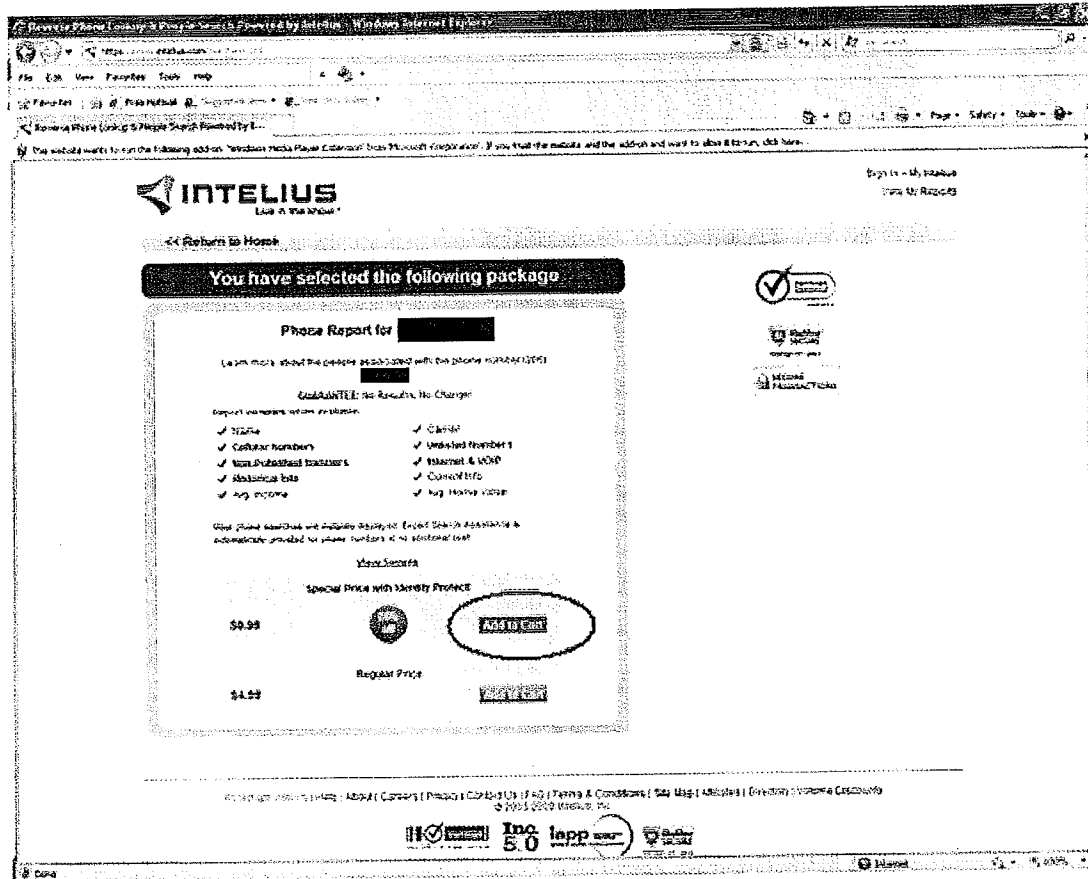
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Figure 7.



3.119 It is only after the consumer chooses the discounted price of the report that the consumer is shown a description of the report the consumer is purchasing and a description of the “benefits” of Identity Protect; however, the prominent red button saying “Continue” encourages the consumer to simply click through to complete his or her transaction before ever scrolling down to read the “offer details.” See Figure 8.

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Figure 9.

INTELIOUS
Live in the know.

[Return to Home](#)

Create Your Account

To create your Intelius account, please complete the form below.

Account Information

Email Address:

Example: jsmith@redmail.com

Password:

Must be at least 6 characters

Confirm Password:

Type password again to verify

Subscribe to newsletter: ☐ Please send me exclusive discounts, coupons, and updates via the Intelius e-newsletter.

Redeem Gift Card

Full Name:

Gift Card Code:

Payment Information

Payment Type: ☒ Credit Card

Credit Card Number:

Card Expiration: /

Card Security Code (CVV):

Cardholder Name:

First and last name as shown on card

Credit Card Billing Address

Billing Country: ☒ United States

Street Address:

Example: 1234 Pine Ave.

City / State:

Seattle Washington

Members Login

Email Address:

Password:

[Login](#)

Order Summary

1. Phone Report	\$9.99
Identity Protect Discount: You saved	\$4.00
2. Identity Protect Trial	\$0.00
Total Charge	\$5.99
Your Club Savings	\$4.00

3.122 After filling in his or her credit or debit card information, the consumer clicks on the button that says: "Confirm the Purchase and Show My Report." See Figure 10.

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Figure 10.

The screenshot shows a web browser window with the Intellicast website. The main content area is divided into two columns. The left column contains the 'Redeem Gift Card' and 'Payment Information' sections. The right column shows a summary of the purchase and a list of services.

Redeem Gift Card

Full Name: [Redacted]
 Gift Card Code: [Redacted]

Payment Information

Payment Type: ☒ Credit Card
 Credit Card Number: [Redacted]
 Credit Card Expiration: [Redacted]
 Card Security Code (CVV): [Redacted]
 Cardholder Name: [Redacted]

Credit Card Billing Address

Billing Country: [Redacted]
 Street Address: [Redacted]
 City / State: [Redacted]
 Zip / Postal Code: [Redacted]
 Phone Number: [Redacted]

Your credit card statement will reflect a charge from Intellicast for \$0.99 for this purchase.

Confirm the Purchase and Show My Report

By clicking the Confirm Purchase button, you will accept the optional terms and conditions.

Summary

24ProtectPlus Trial \$0.00
 Total Charge \$0.99
 Your Credit Services \$4.00

Services

- ☒ 24ProtectPlus Trial
- ☒ 24ProtectPlus
- ☒ 24ProtectPlus

Page 1 of 1

3.123 However, the next screen to appear is not the consumer's report but rather is an Adaptive offer for "\$10 cash back as a Member of 24ProtectPlus." See Figure 11.

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Figure 11.

Reverse Phone Lookup & People Search Powered by Intelius - Windows Internet Explorer

File Edit View Favorites Tools Help

Address: https://www.intelius.com/one.php

Reverse Phone Lookup & People Search Powered by Intelius

Thank You

your order has been successfully completed

Get \$10.00 CASH BACK as a member of 24Protect Plus™

Register below to claim your \$10 Cash Back as a member of 24Protect Plus. (Click Here for Details)

24Protect Plus Includes:

- Free Credit report and Score
- 20% savings on gift cards for Ace Hardware, and Sears*
- 24-Hour Emergency Roadside Assistance**

By typing your e-mail address below, that will constitute your electronic signature and is your written authorization for charging/debit your account according to the Offer Details to the right.

(This is a secured page)

E-Mail Address:

Confirm E-Mail Address:

By clicking "Yes" I have read and agree to the Offer Details displayed to the right and authorize Intelius to securely transfer my name, address, and e-mail address, and information to 24Protect Plus.

YES
I agree to follow my report

Click once and wait

No, show my report

24Protect Plus Benefit Details:
biggy savings like this and so much more.
Get access to your free credit report and credit score.
20% savings on gift cards purchased through the program for Ace Hardware, and Sears* to save on all your home improvement and security needs.
Savings with popular national home improvement retailers.

Click Here for Benefit Details

Offer Details:
Please check if you are using a debit Card. Simply type in your email address and click "Yes" to activate your trial membership and take advantage of the great savings that 24 Protect Plus has to offer. You claim your \$10.00 Cash Back! The membership fee of \$24.95 per month will be charged/debited by 24 Protect Plus on the credit/debit card you used today with Intelius after your 7-day FREE trial period and then automatically charged/debited each month at the then-current membership fee no longer or you remain a member. Of course, you can call us toll-free at 1-800-211-0749 within the first 7 days to cancel, and you will not be charged/debited. Please note that by agreeing to these Offer Details, you are authorizing Intelius to securely transfer your name, address, and credit/debit card information to 24 Protect Plus. No matter what the FREE \$10.00 Cash Back is, you will no longer be charged/debited. If you used a debit card today, then beginning on or about 7 days from now, your monthly membership fee for 24 Protect Plus will be automatically debited each month on or about the same date from the checking account associated with that card.

Disclaimers:
24Protect Plus provides you with the tools you need to access and monitor your financial/credit information through the company's credit reporting and monitoring services. 24Protect Plus and its benefit providers are not credit repair service providers and do not receive fees for such services, nor are they credit unions, credit repair or credit services organizations as businesses, as defined by federal and state law, enforced or enforced by Federal Reserve.

*Participating vendors are neither sponsors, nor receive any affiliation of 24Protect Plus. Gift certificates/coupons are an exclusive offer of 24Protect Plus and are valid only on gift certificates/coupons purchased through 24Protect Plus. Please see back of gift certificates/coupons for terms and conditions of use. All vendor trademarks and copyrights remain the property of the individual vendor. 24Protect Plus uses vendor names, logos and any other vendor materials by permission of each vendor. Please visit the 24Protect Plus website at www.24protectplus.com for complete terms and conditions related to participating vendors.

**Members must register for this service with 24Protect Plus in advance of using it or you will not be eligible for coverage. Your coverage will begin once you receive your Roadside Assistance access card. Members are responsible for paying providers directly for any charges over \$50 per occurrence, as well as for any non-covered expenses. Payment is required at the time that services are rendered. Only

3.124 If the consumer who is still simply trying to get to his or her report fills in his or her email address and clicks on the "Yes" button, he or she will be enrolled in an Adaptive program, along with the Identity Protect program.

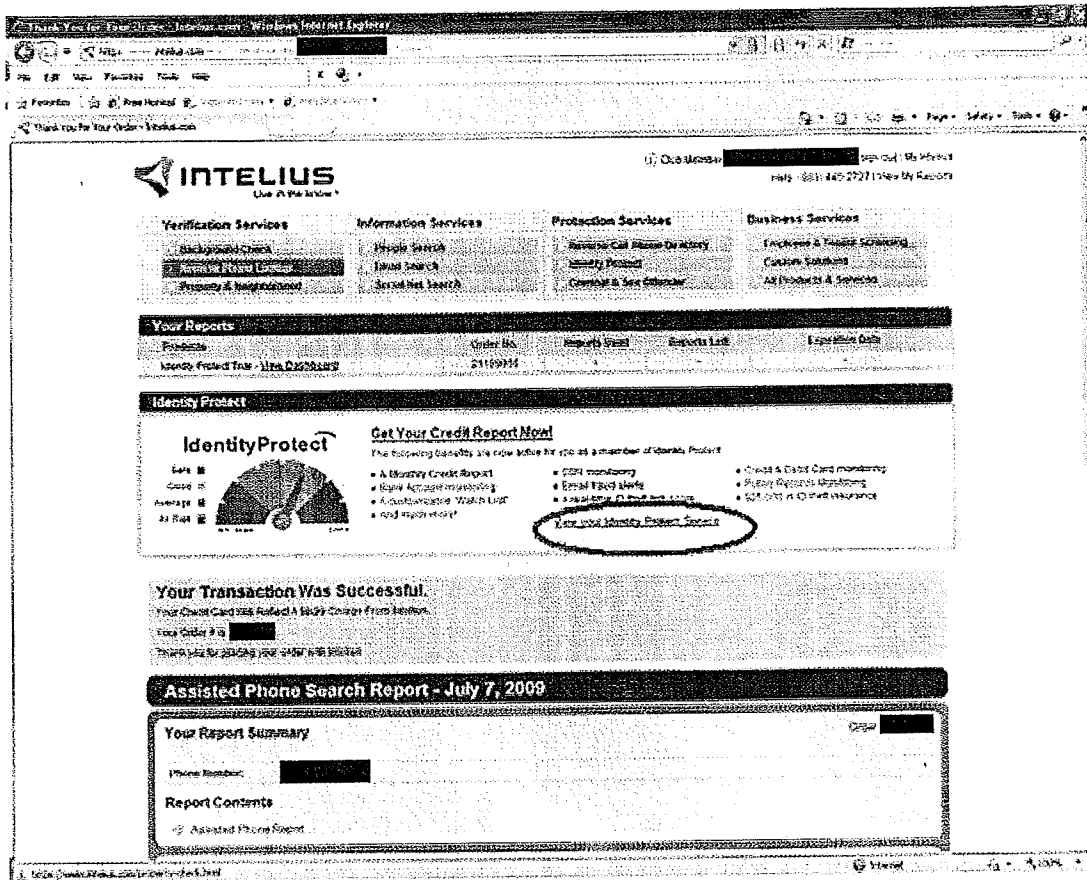
3.125 Numerous Washington consumers have complained to the Attorney General's Office of unauthorized charges for both Identity Protect and an Adaptive program.

3.126 Furthermore, if the consumer clicks on "No," the next screen is a confusing screen that features the Identity Protect service rather than showing the consumer's report. See Figure 12.

///

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Figure 12.



3.127 In some instances, the report is not even available, but nevertheless, the screen does not disclose that fact unless the consumer clicks further on the report hyperlink at the very bottom of the page.

3.128 No where on this screen or anywhere within the Identity Protect Web site does Intelius disclose that the consumer must cancel the service within seven days or else he or she will be charged a recurring monthly fee of \$19.95.

3.129 In fact, nowhere on the Identity Protect Web site is there a clear and conspicuous mechanism by which the consumer may cancel the service.

3.130 Only after a very concerted search might the consumer arrive at a place where he or she can "suspend" his or her service.

3.131 Furthermore, the "welcome" email that Intelius sends the consumer who has been enrolled in Identity Protect does not disclose any of the material terms to the trial offer. See Figure 13.

Figure 13.

From: Intelius <DoNotReply@inteli.us.com>
 To: [REDACTED]
 Sent: Tuesday, July 7, 2009 [REDACTED]
 Subject: Intelius Identity Protect

Dear [REDACTED],

Thank you for joining Identity Protect, the most comprehensive, proactive identity monitoring service available. Identity Protect comes complete with an up-to-date identity report, identity theft insurance and much more, monitoring your identity 24/7 and alerting you to changes!

What Identity Protect is doing for you right now:

- Monitoring your public records information, such as your address and phone number.
- Monitoring your credit card/debit card number, watching to see if it matches those that have been illegally bought or sold over the Internet.
- Protecting you with up to \$25,000 in identity theft recovery insurance.
- Displaying your alerts, protection status, and more on your personalized [My Identity Protect](#) page.

Other features you can enable, free:

- Credit monitoring - you can enable monitoring of your SSN, bank account number, other credit/debit cards, and more!
- Junk Mail OptOut - you can stop telemarketing calls, junk mail, and credit card offers. Just enable this service and we will do all the work for you!

Email Alerts and updates:

- Alerts to any suspicious changes to your identity-related information will be emailed to you immediately. More detail on your alerts will be available on your [My Identity Protect](#) page.
- Go to your [My Identity Protect](#) page, verify your information and receive your Identity report. Review it carefully.
- Regularly visit your page to view alert details and enable more cool features.

Your trial period will last 7 days - be sure to visit your [My Identity Protect](#) page today to enable all your benefits. Here's to a secure identity!

- Your Identity Protect Team

3.132 Even after discontinuing the "post-transaction marketing" of Identity Protect, Intelius continued to experience excessive chargeback rates due to Identity Protect chargebacks.

3.133 In fact, between October 2008 and December 2008, the charge-backs increased from under 100 charge-backs in a one-week period to over 300 charge-backs in a one-week period, exceeding over 1 percent of Identity Protect billings.

1 3.134 Numerous consumers have complained to the Attorney General's office and to
2 the Better Business Bureau about unauthorized charges for the Identity Protect service on their
3 credit and debit cards since Intelius' change to the "bundled" marketing method.

4 3.135 Most consumers who complained also reported being unable to cancel the
5 product due to excessive on-hold times, sometimes over an hour, when calling customer
6 service and the inability to locate the cancellation mechanism on the Intelius Web site.

7 3.136 Between October 2008 and October 2009, over 800,000 consumers were
8 enrolled in Identity Protect.

9 3.137 Intelius is able to track the use of Identity Protect benefits by Identity Protect
10 members.

11 3.138 Several of the Identity Protect benefits are automatically "enabled" by virtue of
12 the consumer being enrolled in the service.

13 3.139 Other benefits are what Intelius calls "member-enabled," which means that
14 Intelius will have a record only if the member specifically requested such a benefit.

15 3.140 The benefits that are "member-enabled" are Experian Credit Monitoring,
16 Tribureau Credit Monitoring, Experian Credit Report, Single Bureau Credit Report plus Score,
17 Triple Bureau Credit Report plus Score, Neighborhood Watch Report, and Junk Mail
18 Reduction.

19 3.141 Of the over 800,000 consumers who were enrolled in Identity Protect between
20 October 2008 and October 2009, only approximately 54,181 consumers used a member-
21 enabled benefit.

22 3.142 Between October 2008 and October 2009, Defendant grossed approximately
23 \$61,318,476.00 from Identity Protect billings.

24 ///

25 ///

26 ///

Knowledge of Consumer Complaints

3.143 Intelius has received thousands of complaints from consumers regarding unauthorized enrollment in and charges for both the Adaptive membership programs and its own Identity Protect program.

3.144 Intelius's executive management, including CEO Jain and John Arnold, an executive vice president, were made personally aware of the consumer complaints.

3.145 According to Jain, "Every customer complaint went to at least John Arnold to make sure that I was informed about what he was going to do."

3.146 Intelius' customer service department reported thousands of calls from consumers complaining about Identity Protect each week.

3.147 Detailed reports from customer service were sent to Intelius management on a weekly basis.

3.148 These reports included statistics on the number of incoming calls on the Identity Protect line, the abandoned call rate, and the wait times.

3.149 In one email to Intelius management, Susan Koelher, the Chief Marketing Officer of Intelius, commended customer service for getting the hold times down but commented that now Intelius needed "to concentrate the IDP team on driving more clarity in their offer."

3.150 Consumers initiated charge-backs of charges for Identity Protect at excessive rates.

3.151 Intelius discussed the high rate of charge-backs for Identity Protect at numerous weekly meetings and acknowledged this as a significant problem.

3.152 Intelius's executive management claimed that the advertisements were clear; however, in an email to bankers involved in Intelius's IPO, CEO Jain noted that there were consumers who were enrolling inadvertently and that consumers were confused.

1 3.153 Despite knowing that both the Adaptive offers and its own offers were and are
2 leading to consumers' unauthorized enrollment in and unauthorized charges for both the
3 Adaptive membership programs and its own Identity Protect program, Defendant continued to
4 make both offers during the consumer's transaction process.

5 3.154 The total revenue earned by Intelius in 2007 from its enrollment of consumers
6 in Adaptive membership programs was \$12.9 million.

7 3.155 The total revenue earned by Intelius in 2008, calculated as of June 20, 2008,
8 from its enrollment of consumers in Adaptive membership programs was \$22.5 million.

9 3.156 Between October 2008 and October 2009, Intelius enrolled approximately
10 648,860 consumers in one of Adaptive's membership programs.

11 **Difficulty in Canceling Identity Protect and Obtaining Refunds**

12 3.157 The terms of the Identity Protect "free trial" offer – which is the only way the
13 service is offered – require the consumer to contact Intelius to cancel the service during the
14 seven-day trial period in order to avoid being automatically charged a recurring monthly fee of
15 \$19.95.

16 3.158 Numerous consumers have complained that they have been unable to contact
17 Intelius to cancel the service and/or obtain refunds for charges that have been imposed for the
18 service.

19 3.159 During the time period relevant to this Complaint, Intelius did not include a
20 clear and conspicuous cancellation method on its primary Web site, Intelius.com.

21 3.160 In order to cancel the service online, a consumer must figure out how to reach
22 the Web page that contains a method for "suspending" the service.

23 3.161 Moreover, when consumers call Intelius to cancel the service, they experience
24 excessively long hold times, sometimes well over 20 minutes.

25 3.162 Intelius has been aware of consumers' difficulty in contacting Intelius and
26 inability to easily find an online method of cancellation.

3.164 Intelius is aware that its customers experience excessively long hold times when calling customer service.

3.166 Intelius had failed to issue refunds for more than one month's charges (or two month's charges if the call was escalated).

3.167 Intelius refunded those consumers who complained to the Attorney General's Office or the Better Business Bureau.

3.168 The Intelius Privacy Policy provides: “The information you provide to Intelius on certain Intelius Web sites may also be used with your permission by Intelius and selected third parties for marketing purposes. Before we use it, we will offer you the opportunity to choose whether or not to have your information used for this purpose.”

3.170 Adaptive shares consumers' personal information with marketing partners for the purpose of marketing Adaptive programs and third parties' goods or services unless the consumer opts out of this sharing.

3.171 Many consumers who are not aware of having been enrolled in an Adaptive program are also not aware of the Adaptive opt-out procedures.

///

4.1 Plaintiff realleges paragraphs 1.1 through 3.171 above and incorporates them as though fully set forth herein.

4.3 Defendant uses or used numerous unfair, misleading, and deceptive mechanisms to cause consumers to be enrolled in an Adaptive membership program without their knowledge or knowing authorization.

4.5 However, rather than displaying the report that the consumer has just purchased, Defendant interrupted the consumer's transaction by displaying a page that states "Thank You your order has been successfully completed" and offers the consumer \$10 cash back if he or she takes a two-question survey.

4.7 By filling in his or her email address below the survey, the consumer is allegedly agreeing to the Adaptive offer and allegedly agreeing to permit Intelius to transmit his or her credit or debit card information to Adaptive.

1 4.8 The lack of a logical or intuitive relationship between taking the survey and
2 entering his or her email address and giving permission to be enrolled in a completely
3 unrelated “membership program” is inherently deceptive.

4 4.9 Second, Defendant’s use of a prominent orange button stating “Yes and show
5 me my report” deceptively induces consumers to click on that button in order to receive the
6 report that they have just purchased.

7 4.10 Clicking on the prominent orange button, however, results in the consumer
8 being enrolled in an Adaptive free trial offer, which, unless cancelled within seven days, is
9 automatically charged to the credit or debit card the consumer used to purchase the Intelius
10 report and is thereafter charged automatically on a recurring monthly or annual basis.

11 4.11 By contrast, in order to receive their report *without* being enrolled in an
12 Adaptive membership program, consumers must find the tiny hyperlinked grey-colored line
13 stating “No, see my report” beneath the prominent orange button.

14 4.12 Defendant obscured the hyperlinked line while directing the consumer’s eye to
15 the large orange button.

16 4.13 Although the page displaying the Adaptive offer contains disclosures relating to
17 the fact that the consumer is signing up for a free trial of a membership program and that
18 Intelius will transmit the consumer’s credit or debit card information to the membership
19 program (Adaptive is never mentioned), the placement of the offer in the middle of the
20 consumer’s attempt to receive the Intelius report that he or she has just purchased and the
21 mechanisms designed to lead the consumer to believe that he or she is simply filling out a
22 survey to get \$10 cash back and then clicking on a button to “Show Me My Report” render the
23 fine-print disclosures irrelevant to the consumer and not likely to be read.

24 4.14 Numerous consumers have complained that they were enrolled in a membership
25 program without their knowledge or authorization following a transaction with Intelius.

1 4.15 Defendant's placement of the Adaptive offer in the middle of the consumer's
2 transaction to purchase and view an Intelius report as described above has the capacity to
3 deceive a substantial number of persons and constitutes an unfair and deceptive act or practice in
4 trade or commerce in violation of the Consumer Protection Act, RCW 19.86.020.

5
6 **V. SECOND CAUSE OF ACTION – UNFAIR, DECEPTIVE, AND**
7 **UNAUTHORIZED SALE AND TRANSMISSION OF CONSUMERS'**
8 **FINANCIAL INFORMATION TO A THIRD PARTY**

9 5.1 Plaintiff realleges paragraphs 1.1 through 4.15 above and incorporates them as
10 though fully set forth herein.

11 5.2 Defendant failed to obtain knowing authorization from consumers to sell and
12 transmit their credit or debit card information to Adaptive.

13 5.3 Defendant's deceptive inducement of consumers to enter their email addresses
14 and click on a button, which then enrolls them in a membership program, as described above,
15 renders any alleged "authorization" provided by the consumer meaningless and void.

16 5.4 Defendant's sold and transmitted thousands and thousands of Washington
17 consumers' credit and debit card information to Adaptive, which then charged all of these
18 consumers for membership programs.

19 5.5 Defendant lacked knowing authorization from many of these consumers to sell
20 and transmit their credit or debit card information to Adaptive.

21 5.6 Numerous consumers have complained of unauthorized charges on the credit or
22 debit cards that they gave to Intelius for their Intelius purchase as a result of Defendant's
23 transmission of their card numbers to Adaptive.

24 5.7 The unauthorized sale and transmission of consumers' credit and debit card
25 information to a third party constitutes unfair and deceptive acts or practices in trade or
26 commerce and unfair methods of competition in violation of RCW 19.86.020 of the Consumer
Protection Act.

6.1 Plaintiff realleges paragraphs 1.1 through 5.7 above and incorporates them as though fully set forth herein.

6.3 First, Defendant's placement of an offer for a free trial of its Identity Protect membership program in the middle of the consumer's primary transaction with Intelius for an Intelius report confuses and deceives consumers, who, with the intention of clicking on a button ("Yes and Show Me My Report") to complete their purchase of an Intelius report, inadvertently agree to Intelius' free trial offer of Identity Protect.

6.5 However, rather than displaying the report that the consumer has just purchased, Defendant interrupted the consumer's transaction by displaying a page that states "Thank You your order has been successfully completed" and offers the consumer \$10 cash back if he or she takes a two-question survey.

6.7 By filling in his or her email address below the survey, the consumer is allegedly agreeing to the Intelius Identity Protect offer and allegedly agreeing to permit Intelius to use his or her credit or debit card information supplied for the purchase of the Intelius report

1 to automatically charge the consumer the recurring monthly fees for the membership program
2 if the consumer does not cancel the program prior to the end of the free period.

3 6.8 The lack of a logical or intuitive relationship between taking the survey and
4 entering his or her email address and giving permission to be enrolled in a completely
5 unrelated "membership program" is inherently deceptive.

6 6.9 Third, the use of a prominent "\$10 cash back" or "\$10 off" the next purchase
7 premium misleads consumers into believing that they are filling in their email addresses in
8 order to claim the premium.

9 6.10 Fourth, Defendant's use of a prominent orange button stating "Yes and Show
10 Me My Report" deceptively induces consumers to click on that button in order to receive the
11 report that they have just purchased.

12 6.11 Clicking on the prominent orange button, however, results in the consumer
13 being enrolled in the Intelius Identity Protect free trial offer, which, unless cancelled within
14 seven days, is automatically charged to the credit or debit card the consumer used to purchase
15 the Intelius report.

16 6.12 By contrast, in order to receive their report *without* being enrolled in Intelius
17 Identity Protect membership program, consumers must find the tiny hyperlinked grey-colored
18 line stating "No thanks show me my report" beneath the prominent orange button.

19 6.13 Defendant obscured the hyperlinked line while directing the consumer's eye to
20 the large red button.

21 6.14 Although the page displaying the Intelius Identity Protect offer contains
22 disclosures relating to the fact that the consumer is signing up for a free trial of a membership
23 program and that Intelius will use the consumer's credit or debit card information to bill for the
24 membership program, the placement of the offer in the middle of the consumer's attempt to
25 receive the Intelius report that he or she has just purchased and the mechanisms designed to
26 lead the consumer to believe that he or she is simply filling out a survey to get \$10 cash back

1 and then clicking on a button to "Show Me My Report" render the fine-print disclosures
2 irrelevant to the consumer and not likely to be read.

3 6.15 Numerous consumers have complained that they were enrolled in an Intelius
4 Identity Protect membership program without their knowledge or authorization following a
5 transaction with Intelius.

6 6.16 Defendant's placement of the Intelius Identity Protect offer in the middle of the
7 consumer's transaction to purchase and view an Intelius report as described above has the
8 capacity to deceive a substantial number of persons and constitutes an unfair and deceptive act
9 or practice in trade or commerce in violation of the Consumer Protection Act, RCW 19.86.020.

10 **VII. FOURTH CAUSE OF ACTION – UNFAIR AND DECEPTIVE "BUNDLED"**
11 **MARKETING OF IDENTITY PROTECT**

12 7.1 Plaintiff realleges paragraphs 1.1 through 6.15 above and incorporates them as
13 though fully set forth herein.

14 7.2 In its "bundled" marketing of Identity Protect, Defendant failed to disclose
15 clearly, conspicuously, and at the relevant times and places the material terms to the free trial
16 offer of Identity Protect.

17 7.3 On its Web site www.intelius.com, Defendant has advertisements for the
18 Identity Protect service, wherein some disclosures are made relating to the free trial.

19 7.4 However, Defendant failed to make those same disclosures at the time of
20 making the actual offer to consumers during consumers' transaction with Intelius for a
21 background report.

22 7.5 Essentially, Defendant leaves it to consumers to "connect the dots."

23 7.6 As a result, numerous consumers have been enrolled in Identity Protect without
24 knowing they were enrolled and without knowing that they must cancel the service within
25 seven days to avoid having their credit or debit cards charged a recurring monthly fee.
26

1 7.7 Defendant's marketing design deliberately separates the description of the
 2 Identity Protect service and the material terms of the free trial offer from the actual offer of the
 3 Identity Protect "trial" during the consumers' transaction.

4 7.8 Defendant's failure to clearly, conspicuously, and at a relevant place and time
 5 disclose the material terms of the Identity Protect free trial offer has the capacity to deceive a
 6 substantial number of persons and constitutes an unfair and deceptive act or practice in trade or
 7 commerce in violation of the Consumer Protection Act, RCW 19.86.020.

8
 9 **VIII. FIFTH CAUSE OF ACTION – UNFAIR, DECEPTIVE, AND UNAUTHORIZED
 10 USE OF CONSUMERS' CREDIT OR DEBIT CARDS**

11 8.1 Plaintiff realleges paragraphs 1.1 through 7.8 above and incorporates them as
 12 though fully set forth herein.

13 8.2 Defendant failed to obtain knowing authorization from consumers to charge
 14 their credit or debit cards for the Identity Protect membership program.

15 8.3 Defendant's deceptive inducement of consumers to enter their email addresses
 16 and click on a button, which then enrolls them in a free trial of the Identity Protect membership
 17 program, as described above, renders any alleged "authorization" provided by the consumer
 18 meaningless and void.

19 8.4 Defendant charged thousands and thousands of Washington consumers' credit
 20 and debit cards for the Identity Protect membership program when the consumers did not
 21 cancel the program prior to the end of the free trial period.

22 8.5 Defendant lacked knowing authorization from many of these consumers to
 23 charge their credit or debit cards for the Identity Protect membership program.

24 8.6 Numerous consumers have complained of unauthorized charges on the credit or
 25 debit cards that they gave to Intelius for their Intelius purchase as a result of Defendant's use of
 26 their card numbers to bill for the Identity Protect membership program.

1 8.7 The unauthorized use of consumers' credit and debit cards to bill for the
 2 Identity Protect membership program constitutes unfair and deceptive acts or practices in trade
 3 or commerce and unfair methods of competition in violation of RCW 19.86.020 of the
 4 Consumer Protection Act.

5
 6 **IX. SIXTH CAUSE OF ACTION: FAILURE TO PROVIDE ADEQUATE
 CANCELLATION MECHANISM/OBSTRUCTING CANCELLATION**

7 9.1 Plaintiff realleges paragraphs 1.1 through 8.7 above and incorporates them as
 8 though fully set forth herein.

9 9.2 Defendant offers a "free trial" of Identity Protect – which is the only way
 10 Defendant sells the product – that requires consumers to cancel the service within the free trial
 11 period, which is seven days, to avoid being automatically charged recurring monthly fees for
 12 the service.

13 9.3 Defendant, however, obstructs or has obstructed consumers' ability to cancel
 14 the service by failing to provide an easily identifiable online method for canceling Identity
 15 Protect and by failing to provide easily accessible customer service by telephone.

16 9.4 Defendant fails or has failed to provide a conspicuous link on its Web sites for
 17 consumers to use to cancel the service despite being told by customer service that they could
 18 reduce the number of calls if they provided an easily identifiable cancellation mechanism
 19 online.

20 9.5 Defendant fails or has failed to adequately address its customer service
 21 deficiencies despite knowing of the excessive hold times and high rate of abandoned calls.

22 9.6 Defendant fails or has failed to provide consumers with an easily identifiable
 23 and accessible method for canceling the Identity Protect service, thereby causing consumers to
 24 incur charges for a service the consumer does not want.

25 9.7 The failure to provide consumers with an adequate means of canceling the
 26 Identity Protect service constitutes unfair and deceptive acts or practices in trade or commerce

1 and unfair methods of competition in violation of RCW 19.86.020 of the Consumer Protection
2 Act.

3 **X. SEVENTH CAUSE OF ACTION: FAILURE TO HONOR PRIVACY POLICY**

4 10.1 Plaintiff realleges paragraphs 1.1 through 9.7 above and incorporates them as
5 though fully set forth herein.

6 10.2 Intelius represents in its Privacy Policy that it will provide notice to consumers
7 and will give the consumer the opportunity to consent before sharing their information with
8 marketing partners.

9 10.3 In fact, Intelius transmits consumers' personal information, including financial
10 account numbers, to Adaptive and to other third parties without giving adequate notice or
11 obtaining knowing, meaningful affirmative consent.

12 10.4 Adaptive, in turn, shares consumers' personally identifiable information with
13 third parties unless the consumer opts out of the sharing.

14 10.5 Consumers who are not aware that they are enrolled in an Adaptive program do
15 not know that they need to opt out of Adaptive's sharing of their information.

16 10.6 Intelius' violation of its own Privacy Policy constitutes unfair and deceptive
17 acts or practices in trade or commerce and unfair methods of competition in violation of RCW
18 19.86.020 of the Consumer Protection Act.

19 **XI. EIGHTH CAUSE OF ACTION: FAILURE TO REFUND**

20 11.1 Plaintiff realleges paragraphs 1.1 through 10.6 above and incorporates them as
21 though fully set forth herein.

22 11.2 Hundreds of consumers have complained to the Attorney General's Office and
23 to the Better Business Bureau that they have been unable to obtain full refunds from Intelius
24 for unauthorized charges for Identity Protect.

25 11.3 Only when the consumer complains to the Attorney General's Office or to the
26 Better Business Bureau does Intelius agree to refund the consumer in full.

1 11.4 Intelius receives thousands of calls every week from consumers requesting
2 cancelation of Identity Protect and refunds for unauthorized charges.

3 11.5 Intelius is aware of the high volume of complaints that consumers are being
4 enrolled in and charged for Identity Protect without their knowledge or authorization.

5 11.6 Intelius' internal policy regarding refunds has never provided for full refunds to
6 consumers who allege that the charges were unauthorized.

7 11.7 For a period of time, Intelius authorized customer service representatives to
8 refund up to two months of charges if the consumer asked for a refund.

9 11.8 Later, Intelius changed its policy to authorize customer service representatives
10 to refund only one month's charge if the consumer asked for a refund and if the customer
11 demanded more, the representative was to escalate the complaint.

12 11.9 The failure of Intelius to refund in full unauthorized charges constitutes unfair
13 and deceptive acts or practices in trade or commerce and unfair methods of competition in
14 violation of RCW 19.86.020 of the Consumer Protection Act.

15 **XII. PRAYER FOR RELIEF**

16 WHEREFORE, Plaintiff, State of Washington, prays for relief as follows:

17 12.1 That the Court adjudge and decree that Intelius has engaged in the conduct
18 complained of herein.

19 12.2 That the Court adjudge and decree that the conduct complained of in paragraphs
20 3.2 through 11.8 constitutes violations of the Consumer Protection Act, Chapter 19.86 RCW.

21 12.3 That the Court issue a permanent injunction enjoining and restraining Intelius
22 and its representatives, successors and assigns, officers, agents, servants, employees and all
23 other persons acting or claiming to act for or on behalf of or in active concert or participation
24 with Intelius from continuing or engaging in unlawful conduct complained of herein.

12.6 That the Court make such orders pursuant to RCW 19.86.020 to provide that Plaintiff, State of Washington, have and recover from Intelius the costs of this action, including reasonable attorneys' fees.

12.7 That the Court order such other relief as it may deem just and proper to fully and effectively dissipate the effects of the conduct complained of herein or that may otherwise seem proper to the Court.

DATED this 23 day of July, 2010.

ROBERT M. MCKENNA
Attorney General

SHANNON SMITH, WSBA #19077
Assistant Attorney General
Attorneys for Plaintiff
State of Washington